

to negotiate and sign a Player Contract with any Club, subject to the provisions of Article 7, and any Club is then free to negotiate for and sign a Player Contract with such player, without any Draft Choice Compensation between Clubs or First Refusal Rights of any kind, or any signing period.

Section 9. No Subsequent Draft: If a player is drafted by a Club in an initial Draft and (a) does not sign a contract with a Club during the signing period set forth in Sections 4 through 6 above, and (b) is not drafted by any Club in the subsequent Draft, the player immediately becomes an Undrafted Rookie, with the right to negotiate and sign a Player Contract with any Club, and any Club is then free to negotiate for and sign a Player Contract with such player, without any Draft Choice Compensation between Clubs or First Refusal Rights of any kind, or any signing period.

Section 10. Compensatory Draft Selections: The rules and procedures regarding Compensatory Draft Selections previously agreed upon by the NFL and the NFLPA shall remain in effect, subsequent to any future changes as to which the parties may agree.

Section 11. Undrafted Rookies: Any person who has not been selected by a Club in a College Draft shall be an Undrafted Rookie, and shall be free, after the completion of a College Draft for which he is eligible, to negotiate and sign a Player Contract with any Club, subject to the provisions of Article 7, and any Club shall be completely free to negotiate and sign a Player Contract with any such person after such date, without any penalty or restriction, including, but not limited to, Draft Choice Compensation between Clubs or First Refusal Rights of any kind.

Section 12. Notice of Signing: Promptly following but no later than two business days after receipt of notice of the signing of any Drafted or Undrafted Rookie, the NFL shall notify the NFLPA of such signing.

ARTICLE 7
ROOKIE COMPENSATION AND ROOKIE COMPENSATION POOL

Section 1. Definitions:

(a) **Rookie Salary.**

(i) "Rookie Salary" for a Drafted Rookie means the highest amount of earnable compensation for which such player and Club have contracted in each year of his Rookie Contract regardless of whether any or all amounts are earned or considered "likely to be earned" as set forth in Article 13, excluding only (A) the Fifth-Year Option Paragraph 5 Salary described in Section 7 below, (B) the amount by which the player's Paragraph 5 Salary may increase pursuant to the Proven Performance Escalator as described in Section 4 below, (C) minimum offseason workout per diem as set forth in Article 21, and (D) compensation for community relations/sponsor appearances (subject to the maximum amounts permitted in Section 3(b)(iv) below).

(ii) "Rookie Salary" for an Undrafted Rookie means the highest amount of earnable compensation for which such player and Club have contracted in each year of his Rookie Contract that exceeds the then-applicable Minimum Active/Inactive Salary for each League Year of the contract regardless of whether any or all amounts are earned or considered "likely to be earned" as set forth in Article 13, excluding only (A) minimum offseason workout per diem, and (B) compensation for community relations/sponsor appearances (subject to the maximum amounts permitted in Section 3(b)(iv) below).

(iii) For the purposes of calculating Rookie Salary in each year of a player's Rookie Contract, signing bonus and amounts treated as signing bonus will be prorated on a straight line basis pursuant to Section 3(g) below. By way of example, a Drafted Rookie who has a \$1,000,000 Paragraph 5 Salary, \$250,000 in signing bonus proration and a \$250,000 incentive for 95% offensive playtime in each of the first four years of his contract would have a Rookie Salary in each League Year equal to \$1,500,000, and Rookie Salary over the contract's entire term of \$6,000,000, regardless of whether he earns any or all of the above amounts or whether any or all of the above amounts are considered "likely to be earned."

(b) **Year-One Rookie Salary.**

(i) "Year-One Rookie Salary" for a Drafted Rookie means the highest amount of earnable compensation for which such player and Club have contracted in the first year of his Rookie Contract regardless of whether any or all amounts are earned or considered "likely to be earned" as set forth in Article 13, excluding only (A) minimum offseason workout per diem, and (B) compensation for community relations/sponsor appearances (subject to the maximum amounts permitted in Section 3(b)(iv) below).

(ii) "Year-One Rookie Salary" for an Undrafted Rookie means the highest amount of earnable compensation for which such player and Club have contracted in the first year of his Rookie Contract that exceeds the then-applicable Minimum Active/Inactive Salary for players with zero credited seasons regardless of whether any or all amounts are earned or considered "likely to be earned" as set forth in Article 13, excluding only (A) minimum offseason workout per diem, and (B) compensation for

community relations/sponsor appearances (subject to the maximum amounts permitted in Section 3(b)(iv) below).

(iii) For the purposes of calculating Year-One Rookie Salary, signing bonus and amounts treated as signing bonus will be prorated on a straight line basis pursuant to Section 3(g) below. By way of example, a Drafted Rookie who has a \$1,000,000 Paragraph 5 Salary, \$250,000 in signing bonus proration and a \$250,000 incentive for 95% offensive playtime in his first season would have Year-One Rookie Salary in that League Year of \$1,500,000 regardless of whether he earns any or all of the above amounts in his first season or whether any or all of the above amounts are considered "likely to be earned."

(c) **Total Rookie Compensation Pool.** "Total Rookie Compensation Pool" means the League-wide limit on the total amount of Rookie Salary for which all Clubs may contract with Drafted and Undrafted Rookies over the entire term of such Rookie Contracts. By way of example, a Drafted Rookie selected in the second round who signs a four-year contract with Rookie Salary of \$1,000,000 in year one, \$1,100,000 in year two, \$1,200,000 in year three, and \$1,300,000 in year four would have \$4,600,000 count against the Total Rookie Compensation Pool.

(d) **Year-One Rookie Compensation Pool.** "Year-One Rookie Compensation Pool" means the League-wide limit on the total amount of Year-One Rookie Salary for which all Clubs may contract with Drafted Rookies and Undrafted Rookies in the first year of such Rookie Contracts. By way of example, a Drafted Rookie selected in the second round who signs a four-year contract with Rookie Salary of \$1,000,000 in year one, \$1,100,000 in year two, \$1,200,000 in year three, and \$1,300,000 in year four would have \$1,000,000 count against the Year-One Rookie Compensation Pool.

(e) **Total Rookie Allocation.** "Total Rookie Allocation" means, for each Club, its proportional share of the Total Rookie Compensation Pool, calculated based upon the number, round and position of the Club's selection choices in the Draft, plus the Undrafted Rookie Reservation (as defined in Subsection (i) below). The sum of the Total Rookie Allocations for all Clubs shall equal the Total Rookie Compensation Pool.

(f) **Year-One Rookie Allocation.** "Year-One Rookie Allocation" means, for each Club, its proportional share of the Year-One Rookie Compensation Pool, calculated based upon the number, round and position of the Club's selection choices in the Draft plus one-third of the Undrafted Rookie Reservation (as defined in Subsection (i) below). The sum of the Year-One Rookie Allocations for all Clubs shall equal the Year-One Rookie Compensation Pool.

(g) **Year-One Formula Allotment.** "Year-One Formula Allotment" means, for each Drafted Rookie, a fraction calculated based upon the player's round and position in the Draft and expressed as a percentage of the Year-One Rookie Compensation Pool (excluding compensatory selections and one-third of the Undrafted Rookie Reservation). The (i) sum of the Year-One Formula Allotments for all of a Club's Drafted Rookies, multiplied by the Year-One Rookie Compensation Pool (excluding compensatory selections), plus (ii) one-third of the Undrafted Rookie Reservation shall equal the Club's Year-One Rookie Allocation. The Year-One Formula Allotment for each selection shall remain in effect for the duration of this Agreement unless the parties agree otherwise. The Year-One Formula Allotment attributed to each draft selection shall be

agreed to by the NFL and the NFLPA, and shall not be disclosed to Clubs, Players, Player Agents or the public.

(h) **Year-One Minimum Allotment.** "Year-One Minimum Allotment" means, for each Drafted Rookie, a fraction (or such other amount to which the parties may agree) that shall equal the selection's absolute minimum share of the Year-One Rookie Compensation Pool, calculated based upon the player's round and position in the Draft and expressed as a percentage of the Year-One Rookie Compensation Pool. The methodology for the calculation of the Year-One Minimum Allotment attributed to each draft selection shall be agreed to by the NFL and the NFLPA in a Side Letter between the Parties, which methodology shall not be disclosed to Clubs, Players, Player Agents or the public and shall remain in effect for the duration of the Agreement unless the Parties agree otherwise.

(i) **Undrafted Rookie Reservation.** For the 2011 League Year, a maximum of \$75,000 per Club may be paid to Undrafted Rookies as signing bonus or amounts treated as signing bonus. This amount (the "Undrafted Rookie Reservation") shall increase each subsequent League Year by the percentage increase of the Total Rookie Compensation Pool.

Section 2. Operation:

(a) For the 2011 League Year, the Total Rookie Compensation Pool (excluding compensatory selections and the Undrafted Rookie Reservation) may not exceed \$874.5 million. For the 2011 League Year, the Year-One Rookie Compensation Pool (excluding compensatory selections and one-third of the Undrafted Rookie Reservation) shall equal \$159 million. Excluding compensatory selections, the Total Rookie Compensation Pool and the Year-One Rookie Compensation Pool shall increase or decrease in each League Year by the same percentage as the change in the Salary Cap, up to a maximum of 5% plus 50% of any increase or decrease over 5%. By way of example, if the Salary Cap increases by 9%, then the Total Rookie Compensation Pool and the Year-One Rookie Compensation Pool shall increase by 7% (i.e., 5% plus 50% of the additional 4%).

(b) All amounts of Rookie Salary contracted for in each and every year of a Club's Rookie Contracts shall count against the Total Rookie Compensation Pool and the Club's Total Rookie Allocation whether or not such amounts are earned by the player or considered "likely to be earned" as set forth in Article 13.

(c) All amounts of Year-One Rookie Salary shall count against the Year-One Rookie Compensation Pool, the Club's Year-One Rookie Allocation and the Total Rookie Compensation Pool, whether or not such amounts are earned by the players or considered "likely to be earned" as set forth in Article 13.

(d) No Club may enter into Rookie Contracts that, standing alone or in the aggregate, provide for Year-One Rookie Salary that would exceed the Club's Year-One Rookie Allocation for that League Year. No Club may enter into Rookie Contracts with Drafted Rookies that, standing alone or in the aggregate, provide for Year-One Rookie Salary that would exceed the (i) Club's Year-One Rookie Allocation for that League Year, minus (ii) one-third of the Undrafted Rookie Reservation (i.e., \$25,000 in the 2011 League Year).

(e) No Club may enter into Rookie Contracts that, standing alone or in the aggregate, provide for aggregate Rookie Salary over all years of such Contracts that would exceed the Club's Total Rookie Allocation. No Club may enter into Rookie Contracts with Drafted Rookies that, standing alone or in the aggregate, provide for Rookie Salary that would exceed (i) the Club's Total Rookie Allocation for that League Year, minus (ii) the Undrafted Rookie Reservation.

(f) A Club may not sign a Drafted Rookie for Year-One Rookie Salary that is less than the player's Year-One Minimum Allotment multiplied by the Year-One Rookie Compensation Pool.

(g) Notwithstanding the above, nothing shall prevent a Club from signing a player for an amount in excess of his Year-One Formula Allotment multiplied by the League-wide Year-One Rookie Compensation Pool, or his Year-One Minimum Allotment multiplied by the Year-One Rookie Compensation Pool, provided that the Club has Room available under its Year-One Rookie Allocation.

(h) In the event that a Rookie signs his Rookie Contract after the commencement of the regular season, the Club must maintain Room under its Year-One Rookie Allocation of at least the Rookie's Year-One Minimum Allotment multiplied by the Year-One Rookie Compensation Pool.

(i) All Rookie Contracts entered into by a Club and a Drafted or Undrafted Rookie shall be subject to the provisions of Article 14 of this Agreement.

(j) Any contract that violates the intent of any provision of this Article shall be disapproved. It is the intent of the parties to set an absolute maximum limit on the total amount of compensation contracted for by Drafted and Undrafted Rookies in each Draft class over the entire term of the players' Rookie Contracts. If a contract signed by a Drafted or Undrafted Rookie is disapproved by the Commissioner as being inconsistent with the provisions of this Article in respect of (i) the mandatory term (length) of the contract; (ii) permissible compensation pursuant to (1) the Year-One Rookie Compensation Pool, (2) the Total Rookie Compensation Pool, (3) the Club's Year-One Rookie Allocation, (4) the Club's Total Rookie Allocation, (5) the 25% Increase Rule, (6) the player's Year-One Minimum Allotment, (7) the Fifth Year Option, (8) the Proven Performance Escalator, or (9) the limit on the player's permissible nonfootball compensation; or (iii) guarantees; the disapproval shall be upheld by the System Arbitrator and the Appeals Panel unless clear and convincing evidence demonstrates that the decision to disapprove the contract was incorrect.

(k) None of the provisions of this Article shall affect a Club's need for Room under the Salary Cap to sign a Rookie Contract or the accounting rules governing the Salary Cap set forth in Article 13.

Section 3. Rookie Contracts:

(a) **Contract Length.** Every Rookie Contract shall have a fixed and unalterable contract length: (i) four years for Rookies selected in the first round of the Draft, with a Club option for a fifth year as described in Section 7 below; (ii) four years for Rookies selected in rounds two through seven of the Draft (including any compensatory draft selections); and (iii) three years for Undrafted Rookies.

(b) **Compensation Terms.**

(i) Subject to Subsection (iv) below, Rookies drafted in the first round may contract for only the following types of compensation: (1) Rookie Salary, (2) minimum offseason workout per diem commencing in the contract's second season; and (3) the Fifth-Year Option as described in Section 7 below. Rookies drafted in the second round may contract for only the following types of compensation: (1) Rookie Salary; and (2) minimum offseason workout per diem commencing in the contract's second season. Rookies drafted in the third through seventh round may contract for only the following types of compensation: (1) Rookie Salary, (2) minimum offseason workout per diem commencing in the contract's second season; and (3) the Proven Performance Escalator as described in Section 4 below.

(ii) Subject to Subsection (iv) below, Undrafted Rookies may contract for only the following types of compensation: (1) Rookie Salary, (2) minimum offseason workout per diem commencing in the contract's second season, and (3) the applicable Minimum Salary for players on the Club's Active/Inactive List Salary and/or the applicable Minimum Salary for players not on the Club's Active/Inactive List.

(iii) Rookie Salary shall include only: (1) traditional signing bonus, defined as signing bonus committed to the player by the Club upon execution of the contract (subject to the player reporting to the Club and passing the physical examination), subject to any forfeiture provisions to which the player and Club may agree to the extent permitted in Article 4; (2) offseason workout bonus; (3) Paragraph 5 Salary (including any agreed-upon provisions adjusting the player's Paragraph 5 Salary based upon his roster status and/or his number of Credited Seasons ("split contract provisions") or deferring payment of his earned Paragraph 5 Salary or advancing payment of non-guaranteed year-one Paragraph 5 Salary); (4) Paragraph 5 Salary guarantees (subject to the rules set forth in Subsection (h) below); (5) the permitted performance incentives set forth in Section 6 below; (6) roster bonus; and (7) reporting bonus.

(iv) Aside from the terms outlined in Subsections (i) through (iii), above, no cash or non-cash financial or economic consideration of any kind (e.g., suites, automobiles, loans, etc.) may be paid or promised to the player for any reason whatsoever including, but not limited to, the player's performance of nonfootball-related services with the exception of an agreement that the player will make up to, but no more than, five community relations/sponsor appearances or promotional activities per year on the Club's behalf in exchange for cash compensation at prevailing commercial rates not to exceed \$5,000 per appearance. Clubs may not contract for, or require the player to make more than five community relations/sponsor appearances or promotional activities per year.

(c) **Other Permissible Terms.** All Rookie Contracts shall use the standard-form Player Contract described in Article 4 and set forth in Appendix A of this Agreement and may contain minimum offseason workout per diem commencing in the contract's second season. Rookie Contracts for players drafted in round one shall contain the Fifth-Year Option described in Section 7 below. Rookie Contracts for players drafted in rounds three through seven shall contain the Proven Performance Escalator described in Section 4 below. A Rookie Contract may also contain non-compensation terms relating to: (1) player appearances/promotions; (2) workers' compensation issues; (3) waivers of Club liability for preexisting injuries/physical conditions; (4) forfeiture of

compensation and/or of guarantees to the extent permitted in Article 4; (5) deduction or repayment of advanced non-guaranteed year-one Paragraph 5 Salary; (6) insurance policies; (7) tax implications; (8) confidentiality (subject to Article 26); (9) the severability of unenforceable contract terms; (10) legal/contractual interpretation issues; (11) representations and warranties that at the time the contract is executed, no circumstances exist that would prevent the player's continuing availability to the Club for the duration of the contract; (12) waiver of a Club's right to enforce any of the terms of Paragraph 3 of the NFL Player Contract; and (13) waiver of a Club's rights regarding the designations of, or the Required Tender amounts for, Franchise or Transition Players. With the sole exception of the compensation terms that appear in Subsection (b) above, the other permissible terms that appear in this Subsection, and, if applicable, the Proven Performance Escalator in Section 4 and the Fifth-Year Option in Section 7 of this Article, any other contract terms will be deemed null and void ab initio unless the parties to this Agreement agree otherwise.

(d) **Prohibited Terms.** The following contract provisions are prohibited in a Rookie Contract: option bonuses, option exercise fees, option nonexercise fees, Salary advances (other than advances of non-guaranteed year-one Paragraph 5 Salary as described in Subsection (b)(iii)(3) above), voidable year(s) provisions, buybacks of voidable year(s) provisions, and any "contract within the contract" (i.e., terms and conditions of a contemplated superseding contract within the Rookie Contract).

(e) **25% Increase Rule.** No Rookie Contract may provide for an annual increase of more than 25% of the player's Year-One Rookie Salary unless such contract provides only for Paragraph 5 Salary equal to the then-applicable Minimum Active/Inactive Salary for each League Year of the Contract. By way of example, if a player drafted in the second round signs a four-year contract with a \$400,000 signing bonus, a \$500,000 Paragraph 5 Salary, and no performance incentives in his first season, the player's Year-One Rookie Salary will equal \$600,000, i.e., the prorated portion of his signing bonus (\$100,000) plus his Paragraph 5 Salary (\$500,000). Accordingly, the player's maximum annual increase in Rookie Salary may not exceed \$150,000 ($\$600,000 \times 25\%$).

(f) **All Salary Included in Calculations.** All Rookie Salary shall count toward the Total Rookie Compensation Pool, the Year-One Rookie Compensation Pool, the Club's Year-One Rookie Allocation, the Club's Total Rookie Allocation, and the 25% Increase Rule.

(g) **Signing Bonus Proration.** The total amount of any signing bonus, or amount treated as signing bonus, shall be prorated over the term of the Rookie Contract, with a maximum proration of four years, on a straight-line basis beginning in the first year of the player's contract, such that each contract year (excluding year five for players selected in round one of the draft) shall have an equal prorated amount, and such equal prorated amount shall count in the calculation of Rookie Salary and against the Total Rookie Compensation Pool for that Draft class and the Club's Total Rookie Allocation in each League Year of the contract. The amount prorated in the player's first contract year shall count in the calculation of Year-One Rookie Salary and against the Year-One Rookie Compensation Pool for that Draft class and the Club's Year-One Rookie Allocation.

(h) **Guaranteed Rookie Salary.** Rookie Salary (excluding the performance incentives described in Section 6 below) may be guaranteed for skill, football-related injury and/or Salary Cap-related contract terminations, provided that no player's Rookie Salary (excluding performance incentives) in his third League Year or fourth League Year (for Drafted Rookies) may be guaranteed for skill, football-related injury or Salary Cap-related contract termination unless the player's entire Rookie Salary (excluding performance incentives) has been similarly guaranteed (i.e., for the same type(s) of contract termination) in the immediately preceding year of the contract. By way of example, if a Drafted Rookie signs a four-year contract with Rookie Salary (excluding performance incentives) of \$1,000,000 in year one, \$1,250,000 in year two, \$1,500,000 in year three, and \$1,750,000 in year four, no portion of his year-four Rookie Salary may be guaranteed for skill and injury unless the player's full Rookie Salary (excluding performance incentives) for year two (\$1,250,000) and year three (\$1,500,000) is also guaranteed for skill and injury. For the avoidance of doubt, and by way of further example, a Club may guarantee year-four Rookie Salary for injury only when the Club also guarantees years two and three either just for injury, or for injury, skill, and Salary Cap-related termination.

(i) **No Contingencies.** A player's Rookie Salary, as well as all other mandatory or permissible contract terms (including, but not limited to, length of the contract and Salary guarantees), may not change based upon any contingency (e.g., without limitation, roster condition, offseason workout participation, playtime, honors, team or individual performance, the player's earning or not earning specific compensation, or the Club's decision to forgo the exercise of any contract rights). By way of example, if the player fails to earn a \$100,000 incentive applicable to the second year of his contract, the unearned amount cannot be added to a \$100,000 incentive applicable to the third year of his contract, thereby resulting in a \$200,000 incentive.

(j) **Release or Trade of Drafted Rookies.** (i) If a Drafted Rookie is released prior to signing a Player Contract (i.e., the Club withdraws its Tender), the Club's Year-One Rookie Allocation will be reduced by the released player's Year-One Minimum Allotment multiplied by the Rookie Compensation Pool. In the event that a Draft selection (i.e., a draft slot) is assigned to another Club prior to completion of the Draft, the amount of the Year-One Formula Allotment for such selection shall be assigned to the Club receiving the selection. A Club may not assign the exclusive negotiating rights to a Drafted Rookie to another Club if such new Club does not have Room under its Year-One Rookie Allocation equal to at least the original Year-One Minimum Allotment for the player multiplied by the Total Rookie Compensation Pool. The New Club will not receive any additional Room in its Year-One Rookie Allocation or Total Rookie Allocation.

(ii) If a Drafted Rookie is released by the drafting Club after signing his initial contract and such player re-signs with the same Club at any point during the League Year in which he was drafted, the signing Club may not enter into a contract with the player for more than the Year-One Rookie Salary set forth in the first year of the player's initial contract with the Club, less any amounts the player earned under his initial contract before his release, and the player's Contract cannot provide for an annual increase in Salary (as defined in Article 13) of more than 25% of the Year-One Rookie Salary in his initial Rookie Contract.

(k) **Renegotiations.**

(i) A Rookie Contract for a Drafted Rookie may not be renegotiated, amended or altered in any way until after the final regular season game of the player's third contract year.

(ii) A Rookie Contract for an Undrafted Rookie may not be renegotiated, amended or altered in any way until after the final regular season game of the player's second contract year.

(iii) For the avoidance of doubt, any permissible renegotiated or extended Player Contract shall not be considered a Rookie Contract, and shall not be subject to the rules that limit Rookie Contracts.

Section 4. Proven Performance Escalator:

(a) The Proven Performance Escalator is mandatory for Rookies drafted in the third through seventh rounds. Rookies drafted in the first or second rounds and Undrafted Rookies are not eligible to earn the Proven Performance Escalator.

(b) The Proven Performance Escalator is a non-negotiable amount by which an eligible player's year-four Paragraph 5 Salary may escalate provided the player achieves at least one of the two qualifiers set forth in Subsection (c) below. The Proven Performance Escalator shall be deemed a part of every Rookie Contract of a player selected in the third through seventh round by virtue of this Agreement and may not be separately attached to such Rookie Contract.

(c) **Qualifiers.** An eligible player will qualify for the Proven Performance Escalator in his fourth League Year if: (1) he participated in a minimum of 35% of his Club's offensive or defensive plays in any two of his previous three regular seasons; or (2) he participated in a "cumulative average" of at least 35% of his Club's offensive or defensive plays over his previous three regular seasons. "Cumulative average" means the sum of the total number of offensive or defensive plays in which the player participated over the applicable seasons, divided by the sum of the Club's offensive or defensive plays during the same seasons. (By way of example, if a player participates in 600 of the Club's 1,000 offensive plays in his first season, 290 of the Club's 1,000 plays in his second season, and 310 of the Club's 1,000 plays in his third season for a total of 1,200 plays out of a possible 3,000, the cumulative average would equal 40%).

(d) **Amount.** The Proven Performance Escalator shall equal the difference between (i) the amount of the Restricted Free Agent Qualifying Offer for a Right of First Refusal Only as set forth in, or as calculated in accordance with, Article 9 for the League Year in such player's fourth season and (ii) the player's year-four Rookie Salary (excluding signing bonus and amounts treated as signing bonus). The resulting amount shall be added to the stated amount of the player's year-four Paragraph 5 Salary. By way of example, if a rookie drafted in round three of the 2011 Draft has a year-four Rookie Salary of \$1,000,000 (consisting of \$700,000 in Paragraph 5 Salary, \$150,000 in signing bonus proration, \$100,000 in an incentive, and a \$50,000 roster bonus), and the 2014 Restricted Free Agent Qualifying Offer for a Right of First Refusal Only equals \$1,400,000, then, upon achieving the qualifier, the player's stated Paragraph 5 Salary (\$700,000) shall increase by \$550,000 (i.e., \$1,400,000 minus (1) the \$700,000 Paragraph 5 Salary, (2) the \$100,000 incentive, and (3) the \$50,000 roster bonus). As a result, the

player's total earnable Salary in the 2014 League Year (minus his signing bonus proration) shall be \$1,400,000, consisting of the player's \$1,250,000 Paragraph 5 Salary (as escalated), his \$100,000 incentive, and his \$50,000 roster bonus.

(e) The amount by which a player's Paragraph 5 Salary may increase pursuant to this section shall not be considered Rookie Salary and shall not count toward the Total Rookie Compensation Pool, the Club's Total Rookie Allocation, or the 25% Increase Rule.

(f) No portion of the Proven Performance Escalator may be guaranteed for skill, football-related injury or Salary Cap-related contract termination either before or after the player has achieved the qualifiers for the Escalator.

Section 5. Additional Terms:

(a) If, pursuant to Article 6, Section 2 and/or Article 10, Section 15, a Club has one or more Compensatory Draft Selections, an amount shall be added to the Club's Year-One Rookie Allocation, the Club's Total Rookie Allocation, the Total Rookie Compensation Pool, and the Year-One Rookie Compensation Pool, based upon a Year-One Formula Allotment to be agreed upon by the NFL and the NFLPA. In the event that a Club signs a Player Contract with a Drafted Rookie who was drafted in a prior League Year, an additional amount shall be added to that Club's Year-One Rookie Allocation, and to the Year-One Rookie Compensation Pool, equal to the lower of (i) the Player's Year-One Formula Allotment multiplied by the Year-One Rookie Compensation Pool in the League Year in which the player was drafted or (ii) the amount of unused Room under the Club's Year-One Rookie Allocation for the League Year in which the player was drafted. A corresponding amount shall also be added to that Club's Total Rookie Allocation and to the Total Rookie Compensation Pool, based upon the amount described above. Notwithstanding the above, the Drafted Rookie's Year-One Minimum Allotment multiplied by the Year-One Rookie Compensation Pool will continue to count against the Club's Year-One Rookie Allocation in the year the player was drafted.

(b) In the event that the NFL holds a Supplemental Draft in addition to its annual Draft, adjustments shall be made to the Total Rookie Compensation Pool, Year-One Rookie Compensation Pool, the Club's Total Rookie Allocation and the Club's Year-One Rookie Allocation in a manner to be agreed upon by the NFL and the NFLPA.

(c) In any League Year in which one or more expansion Teams enter the League, the amount of the Total Rookie Compensation Pool and the Year-One Rookie Compensation Pool shall be increased proportionally (e.g., by 1/32 for every Expansion Team added to a 32 Team League) to account for the additional Draft selections of any such expansion Teams.

(d) If a Club has a Rookie football development program apart from its allowable minicamp(s) prior to its training camp, the following categories of per player reimbursements or payments will not be counted against the Year-One Rookie Compensation Pool or the Total Rookie Compensation Pool: (1) one round trip airline ticket or its cash equivalent from the player's place of residence to the Club city and back, not to exceed \$1,500; (2) room and board or its equivalent of up to \$145 per day, up to a max-

imum of sixty days; and (3) ground transportation to and from the player's place of residence in the Club's city to the Club's facility.

(e) Until a Drafted Rookie signs a Rookie Contract, the Year-One Minimum Allotment for that player multiplied by the Year-One Rookie Compensation Pool shall count against the Club's Year-One Rookie Allocation. If a Drafted Rookie accepts the Required Tender described in Article 6, Section 3, then the player must be paid in his first season at the rate of the Minimum Allotment multiplied by the Year-One Rookie Compensation Pool.

Section 6. Performance Incentives:

(a) Rookie Contracts for players selected in rounds one and two may contain performance incentives based upon achievement of an agreed-upon offensive or defensive regular season playtime percentage (calculated by dividing the player's total regular season plays (offensive or defensive) by the Club's total regular season plays) of at least (i) 35% in the first year of his initial contract or (ii) 45% in any subsequent year of such a contract. Rookie Contracts for players selected in rounds three through seven and Undrafted Rookies may contain performance incentives based upon achievement of an agreed-upon offensive or defensive regular season playtime percentage (calculated by dividing the player's total regular season plays (offensive or defensive) by the Club's total regular season plays) of at least (i) 15% in the first year of his initial contract or (ii) 30% in any subsequent year of such a contract. Any performance incentive for less than the offensive or defensive playtime percentages described above or based upon the achievement of any other statistic or honor is prohibited.

(b) All performance incentives shall be considered Rookie Salary, shall count at the highest possible earnable amount for each League Year the incentive is applicable, and will be included in the 25% Increase Rule, Year-One Rookie Salary (if applicable), the Total Rookie Compensation Pool, the Year-One Rookie Compensation Pool (if applicable), the Club's Total Rookie Allocation, and the Club's Year-One Rookie Allocation (if applicable).

(c) Performance incentives may be earned only based upon playtime in the current League Year and may not be guaranteed for skill, injury or Salary Cap-related contract terminations.

(d) Performance incentives may not be modified, nullified, or created by achievement of or failure to achieve other incentives.

(e) Unearned performance incentives in a current year may not be carried forward into future years. Earned performance incentives may not negate future year performance incentives or create additional incentives.

(f) A player's achievement of an incentive may not determine or affect whether he will or may achieve any performance incentive in a subsequent season.

(g) Performance incentives based upon individual performance for ranking on the Club or in the League, Division or Conference (e.g., leading the Club in offensive playtime) are prohibited.

(h) A performance incentive must be based only upon a specific numerical playtime amount. For example, an incentive may provide for a player to receive a bonus if he participates in 40% of his Club's offensive plays, but it may not provide for the

player to receive the performance incentive if he improves in playtime over a prior season.

Section 7. Fifth-Year Option for First Round Selections:

(a) **Exercise Period.** A Club has the unilateral right to extend from four years to five years the term of any Rookie Contract of a player selected in the first round of the Draft (the "Fifth-Year Option"). To do so, the Club must give written notice to the player after the final regular season game of the player's third season but prior to May 3 of the following League Year (i.e., year four of the contract).

(b) **Compensation Terms.** The Fifth-Year Option is a non-negotiable, standard fixed Paragraph 5 Salary calculated pursuant to Subsections (e) and (f) below. Any compensation terms other than the player's Paragraph 5 Salary described in Subsections (e) and (f) below are prohibited.

(c) **Automatic Inclusion.** The terms and conditions of the Fifth-Year Option shall, if exercised, be as set forth below. The Fifth-Year Option shall also contain all permissible non-compensation terms from the player's year-four contract carried forward unchanged. The Fifth-Year Option shall be deemed a part of every Rookie Contract of a player selected in the first round by virtue of this Agreement and may not be separately attached to such Rookie Contract.

(d) **Prohibited Terms Related to the Option.** In a Rookie Contract, there may be no option bonuses, option exercise fees, nonexercise fees, option buyout amounts or any other form of payment that vests as a result of the Club either (i) exercising the Fifth-Year Option, or (ii) declining to exercise the Fifth Year Option. For example, no amount contracted for or paid to the player for years one through four of his Rookie Contract may be contingent upon the exercise or nonexercise of the Fifth-Year Option. The Club may not waive its unilateral right to exercise or not to exercise the Fifth Year Option.

(e) **Fifth-Year Option for First Ten Selections in Round One.**

(i) For a Drafted Rookie selected with one of the first ten overall picks in the Draft, the Paragraph 5 Salary for the player's Fifth-Year Option shall equal the Transition Tender that applies in the League Year that is the fourth year of the Rookie's Contract (as calculated pursuant to Article 10, Section 4) for players at the same position (using the categories in Article 10, Section 7(a)) at which the Rookie participated in the most plays during his third League Year. No other Salary (other than the minimum off-season workout per diem and compensation for community relations/sponsor appearances or promotional activities (subject to the maximum amounts permitted in Section 3(b)(iv) above)) is permitted for the Fifth-Year Option.

(ii) The entire Paragraph 5 Salary for the Fifth-Year Option shall be guaranteed for injury-related termination only, effective upon the Club's exercise of the Option. The entire Paragraph 5 Salary for the Fifth-Year Option shall be guaranteed for skill, injury, and Salary Cap-related termination if the player is on his Club's Active/Inactive roster at the start of the player's fifth League Year (i.e., the option year).

(iii) The Fifth-Year Option Paragraph 5 Salary shall not be considered Rookie Salary and will not count against the Total Rookie Compensation Pool, or against the Club's Total Rookie Allocation, or for purposes of the 25% Increase Rule.

(f) **Fifth-Year Option for All Other Selections in Round One.**

(i) For any other Drafted Rookie selected in round one, the Paragraph 5 Salary for the player's Fifth-Year Option shall equal an amount that would apply in the fourth League Year of the Rookie Contract if one calculated the Transition Tender for that League Year by using the same methodology as set forth in Article 10, Section 4, but using the applicable third through twenty-fifth highest Salaries (as "Salary" is defined in Article 10) (as opposed to the ten highest Salaries) for players at the position at which the Rookie participated in the most plays during his third League Year. No other Salary (other than the minimum offseason workout per diem and compensation for community relations/sponsor appearances or promotional activities (subject to the maximum amounts permitted in Section 3(b)(iv) above)) is permitted for the Fifth-Year Option.

(ii) The entire Paragraph 5 Salary for the Fifth-Year Option shall be guaranteed for injury-related termination only, effective upon the Club's exercise of the Option. The entire Paragraph 5 Salary for the Fifth-Year Option shall be guaranteed for skill, injury, and Salary Cap-related termination if the player is on his Club's roster at the start of the player's fifth League Year (i.e., the option year).

(iii) The Fifth-Year Option Paragraph 5 Salary shall not be considered Rookie Salary and will not count against the Total Rookie Compensation Pool, or against the Club's Total Rookie Allocation, or for purposes of the 25% Increase Rule.

(g) **Breach.** (i) Notwithstanding anything to the contrary in Article 42 or Article 4, after the Club has exercised its Fifth-Year Option, any unexcused late reporting to or absence from preseason training camp by a player in the fifth League Year of his contract (the option year) shall subject the player to a fine of \$30,000 per day, plus one week's regular season salary for each preseason game missed.

(ii) Nothing in this Section shall preclude a player and a Club from agreeing to contract provisions relating to the forfeiture of Salary earnable in any League Year prior to the player's option year, subject to the restrictions set forth in Article 4, Section 9.

Section 8. Salary Cap Treatment: For purposes of Team Salary under the Salary Cap, Rookie Contracts shall be valued pursuant to Article 13, Section 7, provided that any performance incentives (as described in Section 6 of this Article) in year one of the Rookie Contract shall be deemed "likely to be earned."

Section 9. Rookie Redistribution Fund:

(a) In each League Year of this Agreement other than the 2011 League Year, the NFL and the NFLPA shall create a fund known as the Rookie Redistribution Fund (the "Fund") that will be treated in the same manner as any other Player Benefit Cost, provided that the NFLPA provides the NFL with notice prior to the issuance of the Initial Special Purpose Letter that the NFLPA desires to have the Fund and indicates the amount of the Fund. The maximum amount of this Fund shall be \$25 million for the 2012 League Year, \$50 million for the 2013 League Year and \$100 million for the 2014 League Year. The maximum amount of the Fund shall increase in each subsequent League Year by the annual rate of growth of the Year-One Rookie Compensation Pool. In each League Year in which there is a Fund, the total amount of the Fund shall be

distributed in a proportion to be determined by the NFLPA: (i) to offset against the portion of the Legacy Benefit that is allocated as a Player Benefit Cost in such League Year; (ii) to fund a Veteran Player performance-based compensation pool as agreed upon by the parties; or (iii) for any other new Benefit for current or retired players as agreed upon by the parties. Set forth in the table below are examples, without limitation to any other examples, of the effect that various distributions would have upon the calculation of the Salary Cap under a hypothetical Player Cost Amount of \$145 million assuming (i) the maximum Fund amount equals \$25 million; and (ii) that projected Player Benefit Costs other than the Fund equal \$23 million per Club:

Scenario	Declared Fund	Required Distribution (per-Club)	Player Benefit Costs (per-Club)	Salary Cap	Player Cost Amount
A	\$0	\$0	\$23,000,000	\$122,000,000	\$145,000,000
B	\$12,500,000	\$390,625	\$23,390,625	\$121,609,375	\$145,000,000
C	\$25,000,000	\$781,250	\$23,781,250	\$121,218,375	\$145,000,000

ARTICLE 8
VETERANS WITH LESS THAN THREE ACCRUED SEASONS

Section 1. Accrued Seasons Calculation:

(a) For the purposes of calculating Accrued Seasons under this Agreement, a player shall receive one Accrued Season for each season during which he was on, or should have been on, full pay status for a total of six or more regular season games, but which, irrespective of the player's pay status, shall not include games for which the player was on: (i) the Exempt Commissioner Permission List, (ii) the Reserve PUP List as a result of a nonfootball injury, or (iii) a Club's Practice Squad.

(b) A player shall not receive an Accrued Season for any League Year in which the player is under contract to a Club and in which he failed to report to such Club at least thirty days prior to the first regular season game of that season, or in which the player thereafter failed to perform his contract services for the Club for a material period of time unless he demonstrates to the Impartial Arbitrator extreme personal hardship causing such failure to report or perform, such as severe illness or death in the family. The determination of the Impartial Arbitrator shall be made within thirty days of the application by the player, and shall be based upon all information relating to such hardship submitted by such date. The determination of the Impartial Arbitrator shall be final and binding upon all parties.

Section 2. Negotiating Rights of Players with Less Than Three Accrued Seasons:

Any Veteran with less than three Accrued Seasons whose contract has expired may negotiate or sign a Player Contract only with his Prior Club, if before the first day of the League Year after the expiration of his contract, his Prior Club tenders the player a one year Player Contract with a Paragraph 5 Salary of at least the Minimum Active/Inactive List Salary applicable to that player. A player receiving such a Tender shall be known as an "Exclusive Rights Player." If the Prior Club has not by that date made the Required Tender or later withdraws such Tender, the player shall be completely free to negotiate and sign a Player Contract with any Club, and any Club shall be completely free to negotiate and sign a Player Contract with such player, without any penalty or restriction, including, but not limited to, Draft Choice Compensation between Clubs or First Refusal Rights of any kind, or any signing period.